

**REDACTED – FOR PUBLIC INSPECTION**

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Petitions of Qwest Corporation	)	
for Forbearance Pursuant to 47 U.S.C. § 160(c)	)	WC Docket No. 07-97
in the Denver, Minneapolis-St. Paul, Phoenix and	)	
Seattle Metropolitan Statistical Areas	)	

**DECLARATION OF**

**HELEN E. GOLDING**

**on behalf of**

**AFFINITY TELECOM, INC.  
CAVALIER TELEPHONE, LLC  
CP TELECOM, INC.  
GLOBALCOM, INC.  
MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.  
INTEGRA TELECOM, INC.  
TDS METROCOM, LLC**

August 31, 2007

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I, Helen E. Golding, of lawful age, declare as follows:

1. My name is Helen E. Golding; my business address is One Washington Mall, 15th Floor, Boston, Massachusetts 02108. I am Vice President of Economics and Technology, Inc., a research and consulting firm specializing in telecommunications economics, regulation and public policy. My Statement of Qualifications is annexed hereto and made a part of this Declaration. I have previously submitted expert declarations before this Commission.
2. Qwest's case for comprehensive forbearance from core common carrier regulation and fundamental prescriptions of the 1996 Telecommunications Act rests on weak, often irrelevant, and largely anecdotal evidence. Even if the "data" produced by long-time Qwest employees, David Brigham and Robert Teitzel, is accepted at face value, it fails to establish that competition and the interests of consumers can be adequately safeguarded without price-constraining regulation of Qwest's wholesale services, including last-mile loop facilities and interoffice trunking. Rather, to the extent that any comprehensive view of competition can be discerned from Qwest's evidence, it supports the conclusion that Qwest retains its dominant market power in the Phoenix, Denver, Minneapolis-St. Paul, and Seattle MSAs. Indeed, the limited competition Qwest is able to identify is largely attributable to providers that are critically dependent upon the use of Qwest facilities as essential inputs.
3. Although the Brigham/Teitzel declarations contain many numbers, very few of them have any particular relevance to the showings Qwest purports to make. These declarations intermix

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their discussions of residential/mass market and business/enterprise competition, when, in reality, the competitive alternatives for the two markets are often separate and distinct. Apparently unable to identify any particular measure by which it can be determined nondominant, Qwest throws out miscellaneous bits of information relating to lines, revenues, number of carriers, number of fiber routes, etc. However, the information is presented in an utterly fragmented manner such that the pieces never add up to a complete overview of the telecommunications markets in the four MSAs. Notably, when Qwest provides data on competitor services, it fails to provide the corresponding data on its own services (or vice versa). Through this approach, Qwest artfully obscures the true comprehensive competitive picture – one that would unambiguously reveal Qwest's continued dominance.

**Qwest's evidence provides no basis for "cloning" the Commission's findings in the Omaha forbearance proceeding with respect to the four new MSAs where Qwest now seeks to obtain forbearance**

4. Qwest's latest round of petitions represent a rather clumsy attempt to "stand on the shoulders" of Qwest's Omaha forbearance petition,<sup>1</sup> suggesting that, given the passage of time, competition can only be more robust in the four new MSAs where it seeks forbearance.<sup>2</sup> While

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<sup>1</sup> *In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160 (c) in the Omaha Metropolitan Statistical Area*, WC Docket 04-223, *Memorandum Opinion and Order*, 20 FCC Rcd 19415 (2005) ("Omaha Forbearance Order"), *aff'd sub nom. Qwest Corp. v. FCC*, Nos. 05-1450 et al., 482 F.3d 471 (D.C. Cir. 2007).

<sup>2</sup> Qwest Petition for Forbearance (Denver MSA) at 1; see also, Declaration of Robert H. Brigham and David L. Teitzel Regarding the Status of Competition in the Denver, Colorado Metropolitan Statistical Area (Brigham/Teitzel Declaration/Denver) at para. 3. In general, each of the four petitions covers the same arguments, with a common order of presentation, as do the accompanying declarations of Qwest employees, Robert Brigham and David Teitzel.

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there have been some changes in the mix of telecommunications services utilized by consumers during the intervening two years, these changes have not substantially diminished Qwest's dominance over local exchange service.

5. Qwest also conveniently ignores the fact that the Commission relied on very specific (wire center) data for the relief that was granted in Omaha and that the Commission *rejected* substantial portions of the relief Qwest had proposed.<sup>3</sup> Although Qwest has provided data on Qwest-provisioned CLEC lines by wire center, its submission does not appear to contain any wire center-specific data quantifying either its own lines or competitor facilities. The aggregate data Qwest has put forth is insufficient to justify any determination with respect to the level of competition in any particular wire center. Moreover, even if it did, examining competition at such close range obscures the true competitive picture by failing to account for the effects of network externalities on competitors' viability.

6. Qwest also glosses over the fact that much of the forbearance it had sought for the Omaha market was denied by the Commission, because Qwest failed to show that the presence of various competitors was sufficient to protect consumers in the absence of continued regulatory oversight. Notably, the Commission denied the requested forbearance with respect to several key section 251 obligations, including:

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For simplicity, where the argument or evidence is common to each of the petitions/declarations, the page/paragraph number for the Denver submission will be used.

<sup>3</sup> *Omaha Forbearance Order* at paras. 2, 59.

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- Loop and transport unbundling obligations in wire centers not specifically proven to have significant competitive alternatives (wire centers where forbearance was granted were the exception, not the rule);<sup>4</sup>
- Resale obligations in section 251(c) (4);<sup>5</sup> and
- The duty to negotiate in good faith with respect to terms and conditions of agreements to fulfill its obligations under sections 251(b) and (c).<sup>6</sup>

The Commission also denied Qwest forbearance from the requirements of section 271(c)(2)(B) – the so-called competitive checklist – except as to loop and transport unbundling in the specific wire centers for which the FCC had granted section 251(b) forbearance, and it denied much of Qwest’s request for forbearance from application of dominant carrier regulation, including all regulatory relief with respect to the application of price cap, tariffing, and Section 214 requirements for enterprise services.

7. The Commission’s findings in the Omaha proceeding – and the nature of forbearance findings generally – are case-specific.<sup>7</sup> Whether or not Qwest had succeeded in persuading the Commission that competitive conditions in a particular Omaha wire center warranted forbearance, it must produce new, independent, and relevant evidence with respect to the forbearance it has requested for the Denver, Phoenix, Minneapolis-St. Paul, and Seattle MSAs – and it has failed to do so.

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<sup>4</sup> *Id.* at paras 59-60.

<sup>5</sup> *Id.* at paras. 37, 57, 84.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at para. 4 and footnote 46.

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8. Earlier this month, the Commission issued an Order regarding ACS of Anchorage, Inc.'s Petition for Forbearance for various statutory and regulatory obligations with respect to its operations in the Anchorage, Alaska MSA.<sup>8</sup> To the extent that the Commission granted portions of ACS's petition, it is inevitable that Qwest will point to the ACS-Anchorage decision and attempt to draw parallels between the findings in that Order and competitive conditions in Qwest's four MSAs. As discussed later in this declaration, particularly with respect to the conditions that would confront a provider seeking to deploy facilities to business customers, there are key geographic and demographic differences that clearly set the Anchorage ILEC Study Area (essentially the Municipality of Anchorage) apart from the four Qwest MSAs at issue in this proceeding.

**Qwest's evidence fails to establish that there is effective competition for either its retail or, more critically, its wholesale services, in the mass market or the enterprise market, within any of the four subject MSAs**

9. Qwest's petition addresses mass market and enterprise markets separately and then within each product market discusses competitors by service or technology platform. The Brigham/Teitzel declarations, which contain the evidence the petitions rely upon, are organized by service/technology, and tend to intermix their analysis of competition in the mass market and

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<sup>8</sup> *In the Matter of Petition of ACS of Anchorage, Inc. Pursuant to Section 10 of the Communications Act of 1934, as Amended (47 U.S.C. § 160(c)), for Forbearance from Certain Dominant Carrier Regulation of Its Interstate Access Services, and for Forbearance from Title II Regulation of Its Broadband Services, in the Anchorage, Alaska, Incumbent Local Exchange Carrier Study Area*, WC Docket No. 06-109, *Memorandum Opinion and Order*, FCC 07-149 (August 20, 2007), 2007 FCC LEXIS 6046 ("ACS Anchorage Forbearance Order").

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enterprise market, as well as retail and wholesale markets. However, regardless of how it structures its presentation, Qwest fails to substantiate that competition throughout the four MSAs will ensure just, reasonable and nondiscriminatory rates, terms, and conditions for all affected customers and that the requested forbearance will promote, rather than hinder, the development of competition.

10. In each of their four declarations, Brigham and Teitzel reel off names and numbers on every page, and they often attempt to enhance the perception that this information has some great competitive significance by classifying it as “confidential.” Their allegedly “confidential” information includes such broad and relatively uninformative measures as the number of unaffiliated CLECs offering some unspecified level of service somewhere within an MSA;<sup>9</sup> Qwest’s share of residential “connections” and business customer “telecom spending” as reported by TNS<sup>10</sup>; some nearly illegible fiber route maps<sup>11</sup>; and other nominally quantitative tidbits that are largely irrelevant and/or not substantially different than information that could be obtained (at least on a statewide basis) from reports compiled and published by the Commission.

11. Qwest also avoids presenting a comprehensive portrayal of competition in any particular wire center. Thus, for example, “highly confidential” Exhibit 2 contains wire center line counts for competitors’ lines provisioned over Qwest facilities, but Qwest’s own line counts for those

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<sup>9</sup> Brigham/Teitzel Declarations at paras. Phoenix-21; Denver-21; Minneapolis-23; and Seattle-23.

<sup>10</sup> *Id.* at paras. 6-7.

<sup>11</sup> Brigham/Teitzel, Confidential Exhibit 4 (separate map provided for each of the four MSAs).

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same wire centers are not included. And, while Qwest cannot be faulted for not having access to the precise number of lines that competitors (CLECs, cablecos) serve over their own facilities, without substantial dependence on Qwest's loops and switches, as discussed further below, the projections that Qwest makes concerning facilities-based competition are simply not reliable.

12. Whenever Qwest lacks privileged information about its competitors and so must rely on estimates, its methods consistently tend to overstate the strength of such competitors. For example, Brigham and Teitzel reference competitors' business "targets"<sup>12</sup> – numbers that are provided to impress shareholders or analysts, but which have little predictive value and contain even less information about a competitor's existing business. With respect to competitor services provided over high-capacity special access lines, Qwest makes the wholly unwarranted assumption that each 64 kbps of capacity in the circuit purchased is being sold as a single voice-grade circuit.<sup>13</sup>

13. Qwest also produces an estimate of residential and business lines served over CLEC facilities based on competitor white pages listings. Qwest discloses that it "does track the number of white pages listings, by rate center, of CLECs that are facilities-based (those utilizing CLEC-owned switches and loops, such as Comcast, and/or those utilizing CLEC-owned switches and unbundled loops or Special Access services purchased from Qwest)." The fact that

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<sup>12</sup> Brigham/Teitzel Denver and Minneapolis Declarations at para. 18; see also, Brigham/Teitzel Seattle Declaration at para. 16.

<sup>13</sup> Brigham/Teitzel Denver Declaration at para. 32 and footnote 101.



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Qwest feels entitled to use this information to advance the Company's interests – when the information was provided by competitors with an expectation that it would be used solely for provisioning of their services – is, in and of itself, evidence that Qwest is not ready to be relieved of its obligations as a dominant carrier.<sup>14</sup>

14. Substantively, Qwest makes the assumption that CLEC customers (in each of the four MSAs) choose to be listed in the white pages at the same rate as Qwest's nationwide customer base (in the respective product market).<sup>15</sup> However, it provides no rationale for assuming that CLEC customers in each of the four MSAs are requesting listings at the same rate as Qwest's own customers throughout its ILEC region. More importantly, it is not at all clear what the number that Qwest derives from this exercise actually represents or that it is an accurate estimate of competitors' facilities-based service.

15. According to the description, Qwest's estimate is based on the white pages listings associated with any CLEC who provisions service in any of the following ways: (1) exclusively over its own facilities *OR* (2) using a CLEC switch combined with a Qwest loop *OR* (3) using Qwest special access.<sup>16</sup> Since only the first of these three service arrangements involves

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<sup>14</sup> Brigham/Teitzel Denver Declaration at para. 23. Qwest admits to using its privileged knowledge of directory listings originated by CLECs on behalf of customers that they serve on a facilities basis – confidential information that Qwest obtains exclusively because of its ILEC status. As such, the use of this information for Qwest's own corporate ends raises concerns under section 222(b), which prohibits a carrier from using another carrier's proprietary information for any use other than fulfilling the provisioning carrier's service obligations.

<sup>15</sup> Brigham/Teitzel Denver Declaration at para. 23.

<sup>16</sup> *Id.*

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competitor-owned facilities exclusively, by Qwest's own admission, these lines are not necessarily provisioned without reliance on Qwest wholesale services. Moreover, while the estimate purports to measure "CLEC" competition, the description makes clear that it that it also includes types of service that Qwest's declarations and petition treat as separate and distinct sources of competition – i.e., telecommunications offered by cable companies and services provisioned using Qwest special access. Finally, a literal reading of Brigham and Teitzel's declaration suggests that they have used *all* of the listings by any CLEC who provided service to *some* of its customers in whole or in part over the CLEC's own facilities. This description would apply to virtually all CLECs and would also include listings for customers that such CLECs served *entirely* over Qwest facilities. However, the [begin confidential] <\*\*\*\*\*>[end confidential] business lines and [begin confidential] <\*\*\*\*\*>[end confidential] residential lines that Qwest derives from its white pages listing analysis are significantly less than the total lines for which Qwest admits to providing CLECs with unbundled loops (with or without switching). If this evidence is as Qwest describes it, the only conclusion that can be drawn is that, contrary to Qwest's assertion, CLECs have no facilities-based lines. Alternatively, if one assumes that Qwest has inaccurately described its analysis and has in fact only analyzed a portion of the listings that could not be directly accounted for through wholesale sales of Qwest loop/switching or loop facilities, the numbers that Qwest provides still make little sense.

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**[Begin highly confidential]**

<b>Table 1</b>				
<b>Comparison of aggregate Qwest wholesale services furnished to CLECs for use in serving business customers with Qwest's estimate of total retail CLEC customers</b>				
	Denver	Phoenix	Minneapolis	Seattle
UNE-L				
EEL				
QPP				
UNE-P				
Resale				
<b>TOTAL of Qwest-provided wholesale lines to CLECs</b>				
<b>B/T Estimate of retail CLEC business lines</b>				
Source: Brigham/Teitzel decls, paras. Denver-25, Phoenix-23, Minneapolis-25, Seattle-25; HIGHLY CONFIDENTIAL Exhibit 2.				

**[End highly confidential]**

In the context of discussing special access service – which can be (but is not always)<sup>17</sup> used by competitors as a substitute for unbundled network elements – Qwest discloses the amount of special access that it sells to competitors in each of the four markets. In fact, Qwest sells quite a lot of special access in each of these four markets:

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<sup>17</sup> A significant portion of Qwest special access is provided to wireless carriers that use these services to interconnect cell sites with their switching offices and to interconnect their switching offices with wireline local and long distance carrier networks. A significant portion of special access services associated with enterprise customer accounts are used for various data networking and transmission applications.

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**[Begin confidential]**

<b>Table 2</b>				
<b>Wholesale Special Access Services provided by Qwest (VGEs)</b>				
	Denver	Phoenix	Minneapolis	Seattle
As DS-1s				
As DS-3s				
As Ocn's				
<b>TOTAL</b>				
Source: Brigham/Teitzel declarations, paras. Denver-32, Phoenix-32, Minneapolis-35, Seattle-35.				

**[End confidential]**

While Qwest's purposes in documenting these quantities of special access use may have been to highlight the amount of competition it confronts (since, presumably, most or all customers of special access services are Qwest competitors), what these figures more accurately demonstrate is the extreme level of dependence of those competitors upon Qwest for the underlying services they need in order to compete at the end-user level. In fact, even carriers that are putatively "facilities-based" still require at least *some* special access services:

- CLECs that have deployed fiber to individual commercial buildings require special access in order to serve locations where no CLEC-owned fiber has been deployed, in order to offer their enterprise customers single-source responsibility for the customers' data (and voice) networks.

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- Wireless carriers are heavily dependent upon the use of special access to provide connectivity between their individual cell sites and their switching offices, and between the switching offices and local and long distance public switched telephone networks.
- Even cable MSOs, which offer IP-based voice telephony over their own last mile facilities, may still be dependent upon Qwest special access to interconnect their cable head-ends with private IP transport networks and with the public Internet.

The massive quantities of special access that Qwest is providing in each of these four MSAs provides compelling evidence of the extent to which even the “intermodal competitors” cited by Qwest – cable and wireless – are fundamentally dependent on Qwest for their ability to compete in these four markets.

16. Finally, Qwest’s evidence shows nothing about how the competition would constrain its prices for wholesale services it seeks to have deregulated and that are essential inputs to the retail services of many competitors. The only other facilities-based provider with widely deployed facilities – the cable company – is not required to unbundle its services or sell them on a wholesale basis, subject to the pro-competitive framework imposed on ILECs by the 1996 Telecommunications Act. Thus, even where cableco provides mass market customers with a duopoly for retail service – a condition that is not in the long run conducive to competition – the wholesale market remains Qwest’s alone.

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**Qwest's continued dominance with respect to the mass market**

17. Despite the appearance of “line loss” among its residential base, Qwest remains dominant in wireline telephony throughout the four MSAs. In fact, virtually all of its “lost” lines can be accounted for by either growth in its own broadband connections or by facilities it continues to provide on a wholesale basis. Upon closer scrutiny, it is also evident that while the offerings available to residential customers have become more diverse, the use of intermodal options – particularly wireless – is frequently not a substitute for Qwest’s services, but merely a complementary addition. Finally, Qwest’s exclusive focus on the residential customer fails to address the other segment of the Commission’s mass market classification – small business customers – for whom intermodal options are frequently not as widely available or as suitable. CLECs, which remain the primary competitive alternative for these smaller businesses, are largely dependent on Qwest for purchase of the underlying facilities.

18. Qwest maintains that the number of retail residential access lines it serves has declined dramatically over the six years ending in December 2006, and it attributes this drop to competitive losses. Qwest’s analysis does not account for the substitution of broadband service obtained from Qwest itself for customers’ second lines. As the Commission is aware, in the mid-to-late 1990s (the period immediately prior to the one analyzed by Qwest), consumer access to the Internet was achieved primarily via dial-up connections, and large numbers of consumers obtained a second residential access line specifically for this purpose. This produced a temporary

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and historically anomalous spike in residential access line counts.<sup>18</sup> Thus, FCC data shows that, in 2000, one-fifth (26.2 million) of the 126.4 million residential access lines in service were secondary lines.<sup>19</sup>

19. Following 2000, as higher speed “always on” ADSL and cable modem services became more generally available, consumers substituted one or the other of these Internet access arrangements for their second dial-tone access line. Not surprising, as of 2005, the count of secondary lines had declined by more than 50%, to 12.1-million while the count of high speed replacement lines (ADSL and cable modem) has increased from 3.2-million in 2000 to 51.1-million in 2006.<sup>20</sup> The following table summarizes the relationship between the gain in high-speed Internet access and the decline in residential dial-tone lines between 2000 and 2006, based upon FCC data, for the four states containing the MSAs in Qwest’s forbearance petitions:

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<sup>18</sup> Demand for additional residential access lines grew from 3.9-million in 1990 to 26.2-million in 2000. But by 2005, the number of additional residential access lines had dropped back to only 12.1-million. Industry Analysis and Technology Division, Federal Communications Commission, *Trends in Telephone Service*, February 2007, Table 7.4.

<sup>19</sup> *Id.*

<sup>20</sup> FCC, Industry Analysis and Technology Division, *High-Speed Services for Internet Access; Local Competition Report: Status as of June 30, 2006* and *Trends in Telephone Service*, February 2007 at Table 2.1.

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<b>Table 3</b> <b>Comparison of decline in residential dial-tone access lines (millions) with</b> <b>gain in residential high-speed Internet access service</b> <b>2000-2006</b>				
	<b>WA</b>	<b>AZ</b>	<b>MN</b>	<b>CO</b>
ILEC Res switched access lines – 2000	2.99364	2.38056	2.20125	2.16525
ILEC Res switched access lines – 2006	2.0958	1.44755	1.61383	1.54768
<i>Decrease 2000-2006</i>	0.89784	0.93301	0.58742	0.61757
High-speed Res Internet access lines 2000	0.196	0.154	0.118	0.105
High-speed Res Internet access lines 2006	1.575	1.393	1.058	1.166
<i>Increase 2000-2006</i>	1.379	1.239	0.94	1.061
Sources: FCC, Industry Analysis and Technology Division, <i>Local Competition Reports</i> , December 2000 and June 2006; <i>High-Speed Services for Internet Access: Status as of June 30, 2006</i> .				

20. Thus, for example, while the number of ILEC lines in Arizona decreased by 930,000 between 2000 and 2006, high-speed Internet access lines increased by over 1.24 million. Similarly, in Minnesota, the 587,000 decrease in dial tone lines was more than offset by the 940,000 gain in high speed Internet access lines. In each of the four states, the increase in broadband access lines significantly exceeded the drop-off in ILEC dial-tone lines. Moreover, although some of the growth in high-speed Internet access is associated with cable modem service, Qwest's ADSL service represents a large share of the growth. For example, Qwest notes that, as of June 2006, only "41% of the broadband access lines in Colorado were served by cable modem"<sup>21</sup> – in other words, the majority of broadband-connected households, as many as 59%, were using Qwest ADSL. Despite its contentions that it has "lost" lines due to competitive

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<sup>21</sup> Brigham/Teitzel Denver Declaration at para. 44. Comparable figures are 55% for Arizona (para. 43); 49% for Minnesota (para. 47); and 46% for Washington (para. 47).



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inroads, Qwest did not submit evidence in this record to support its claim, and the data that is available indicates that competitive losses were not anywhere near as extensive as Qwest would have the Commission believe. Qwest's attempts to attribute the entirety of the decrease in residential access lines to "competition" for residential voice seems clearly off the mark since the "competition" in question is in many cases against another service offered by Qwest itself.

21. Qwest also seeks to minimize its dominance in the provision of residential local services by relying upon line share data provided by TNS. The TNS methodology, however, has several critical limitations. First, it focuses solely upon the *retail* service provider, ignoring altogether the actual provider of the underlying service. From TNS' perspective, CLEC services that are furnished using Qwest resale services, UNEs, or the post-UNE-P Qwest Platform Plus ("QPP") are all attributed to CLEC shares, not to Qwest. Second, TNS makes no distinction between a household's primary telecommunications service – which is still highly likely to be the Qwest wireline connection – and other network access connections, such as wireless phones. Thus, for a family of 4 that has 3 cell phones, a Comcast broadband connection, and Qwest wireline local exchange service, Qwest's nominal share of residential "connections" would be calculated at 20% using TNS' math. Family plans, often with nominal charges for additional users, have made it increasingly likely that each family member (certainly by the time they reach adolescence) will have a wireless phone, even when – as is true in the vast majority of cases – the family maintains its primary wireline connection with the ILEC.

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22. It turns out that virtually all of the increase in non-Qwest connections can be accounted for by growth in demand for wireless services and residential broadband. Taking again the example of Denver, Qwest's TNS connections shares are reported as follows: "[i]n fourth quarter 2000, TNS reported that Qwest's share of residential customer connections in the Denver MSA was [begin confidential]<\*\*\*>[end confidential]. By fourth quarter 2006, Qwest's share of residential communications connections in the Denver MSA had declined to [begin confidential]<\*\*\*>[end confidential]." <sup>22</sup> Importantly, the TNS "connections" analysis tells one nothing about consumers' *substitution* of cable, broadband and wireless services for Qwest dial tone access lines. Indeed, inasmuch as the growth in total "connections" in all four MSAs grossly exceeds the population growth in these markets, the correct conclusion is that consumers are simply purchasing more services – different services – from a variety of sources.

<b>Table 4</b>					
<b>Colorado ILEC "connections" shares as of 2006</b>					
Service	Total Quantity	ILEC Quantity	Share	ILEC share	Source
Wireline service	2,805,000	2,276,358	39.35%	31.93%	FCC Local Competition Report, January 2007, at Table 7
Wireless	3,442,000		48.29%	0%	Brigham/Teitzel, para. 36.
ADSL	404,989	404,989	5.68%	5.68%	"High-Speed Services for Internet Access: Status as of June 30, 2006, FCC IATD, Wireline Competition Bureau, January 2007
Cable modem	476,463		6.68%	0%	
TOTALS	7,128,452	2,681,347	100.00%	37.61%	

<sup>22</sup> Brigham/Teitzel Denver Declaration., at para. 6. As Table 4 shows, it is possible to use publicly available FCC data to derive the same types of "connections" shares, the results of which are fairly consistent with the putatively "confidential" TNS data. For the year 2000, using the same public data that is the source for Table 4 below, the ILEC share is 60%.

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23. Early in its petition and declarations, Qwest claims that the drop in the number of lines it serves is even more significant because, during the same time frame, the population (households) in each of the four MSAs increased. According to Qwest, the confluence of these two conditions supports its claim that alternative technologies are gaining strength among consumers and, in so doing, diminishing Qwest's dominance. However, the TNS connection data exposes the fallacy in this reasoning. Whereas Qwest implies that competitors are obtaining a growing share of the pie, this is not the case. Rather, the "total connections" pie being measured by the TNS data is growing – and it is growing at a far greater rate than the increase in households. As shown on Table 5, between 2000 and 2006, the increase in the number of connections in Colorado (47%) was nearly six times the growth in population (8%) reported by Qwest.<sup>23</sup> This dramatic increase in connections is inconsistent with Qwest's theory that customers are substituting intermodal services for Qwest's wireline exchange and exchange access services; rather it suggests that intermodal competitors (including those whose services are being carried over Qwest's own broadband offering) offer Qwest customers complementary service and are primarily adding new capabilities, rather than replacing their ILEC services. The analysis of data for Arizona, Minnesota and Washington revealed the very same pattern of dramatically increased connections.<sup>24</sup>

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<sup>23</sup> It is also likely that while many households experiment with the reliability and quality of VoIP service over a broadband connection, they also continue to maintain a wireline connection with the incumbent.

<sup>24</sup> The comparable "connections" growth percentages for Arizona, Minnesota and Washington based upon the methodology displayed in Table 4 above are 57%, 45% and 43%.

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<b>Table 5</b>					
<b>Analysis of Colorado ILEC “connections” growth 2000 to 2006</b>					
Service	2000	2006	Change	% Change	Source
Wireline telephone service	3,120,903	2,805,000	-315,903	-10.12%	FCC Local Competition Report, January 2007, at Table 7
Wireless	1655000	3,442,000	+1,787,000	+107.98%	<i>Id.</i> , at Table 14.
ADSL (Note 1)	30,704	404,989	+374,285	+1219.01%	“High-Speed Services for Internet Access: Status as of June 30, 2006, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, January 2007
Cable modem (Note 1)	30,704	476,463	+445,759	+1451.79%	
Total Connections	4,837,311	7,128,452	+2,291,141	+47.36%	

24. Qwest’s declarants Brigham and Teitzel observe that the populations of each of the four MSAs have been increasing – in Denver, for example, households grew by 13% since 2000, with total population growing by Qwest’s declarants Brigham and Teitzel observe that the populations of each of the four MSAs have been increasing – in Denver, for example, households grew by 13% since 2000, with total population growing by Qwest’s declarants Brigham and Teitzel observe that the populations of each of the four MSAs have been increasing – in Denver, for example, households grew by 13% since 2000, with total population growing by 8% over that same period. Yet as Table 5 above indicates, Denver MSA “connections” grew by some 47% over that same period. Brigham and Teitzel juxtapose the decrease in Qwest access lines against

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the increase in total population as indicative of consumers' substitution of these new technologies – wireless and broadband – for Qwest wireline access lines. But with population growing by only 8% while “connections” grew by 47% over the same period, the correct conclusion is that consumers are *not* substituting these services for Qwest access lines; rather, consumers are simply purchasing more services overall across a broader array of technologies, with far more consumers viewing wireline access, wireless, and broadband as *complements* to one another rather than as substitutes for one another, as Qwest suggests. As Table 6 shows, this same pattern – far more “connections” growth than population growth – is characteristic of each of the four MSAs:

<b>Table 6</b>			
<b>Growth in Demand for "Connections" Far Outstrips Growth in Population 2000-2006</b>			
	Population gain	Household gain	Connections growth
Denver, CO	8%	13%	47.0%
Phoenix, AZ	19%	20%	57.0%
Minneapolis, MN	5%	10%	45.0%
Seattle, WA	9%	7%	43.0%
Source: Population/Household growth: Brigham/Teitzel declarations, at para. 5; Connections growth: Tables 4 and 5 and footnote 24, supra.			

25. Brigham and Teitzel's references to consumers who have purportedly “cut the cord” by substituting wireless for wireline cannot support their contention that wireless is a meaningful “competitor” to wireline, beyond the marginal (between 6% and 12% or so, according to the

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September 29, 2006 FCC CMRS report<sup>25</sup>) share of consumers who may have adopted this solution. However, that still means that in excess of 90% of all wireless users have both a wireless and a wireline phone, and clearly *do not* view their wireless phone as a substitute for wireline service.

26. Qwest also relies on TNS data with regard to its claim that the strength of Qwest's competition is evidenced by the drop in Qwest's share of retail revenues over the six-year period ending December 2006. As with line counts, the TNS revenue share numbers are not reliable evidence of a weakening in Qwest's dominant ILEC status. TNS gathers information on customers' retail spending, based on their bills. Over the six years in question, Qwest may have lost some of its retail revenues from local exchange and exchange access services, but, at the same time, its wholesale revenues were growing. Similarly, the retail revenues of Qwest's competitors do not reflect what they pay to Qwest for the underlying special access, UNEs, or other wholesale services. For these reasons, a "share" analysis based on retail revenues alone does not support Qwest's contention that it has lost significant market power.

27. The TNS "connections" figures refer solely to *retail* market shares, and give no effect whatsoever to the actual provider of the underlying service. If we confine the "connections"

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<sup>25</sup> Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services, WT Docket No. 06-17, 21 FCC Rcd 10947 (2006) at para. 205.

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analysis for Colorado solely to wireline services and include in the ILEC column both the retail and wholesale ILEC lines, we get a far more accurate picture of Qwest's dominance in the Colorado market:

<b>Table 7</b>				
<b>Analysis of Colorado ILEC retail and wholesale Wireline "connections" shares as of 2006</b>				
Service	Total Quantity	ILEC Quantity	ILEC share	Source
Wireline telephone service – retail	2,805,000	2,276,358	81.15%	FCC Local Competition Report, January 2007, at Table 7
Wireline telephone service – wholesale		336,142	11.98%	Id., at Table 11
TOTALS	2,805,000	2,612,500	93.1%	

28. Whenever Qwest attempts to focus exclusively on changes in its share of retail lines, it distorts the competitive picture by failing to account for its own role as the overwhelmingly dominant supplier of the underlying wholesale services. It is misleading to characterize the drop in retail local exchange service lines – or the associated revenues – as “competitive losses” when the services associated with many of these alleged losses continue to be provided over Qwest-owned facilities (via resale, UNEs or its UNE-P replacement offerings, Qwest Platform Plus (“QPP”), recently replaced by Qwest Local Services Platform (“QSLP”). An examination of Qwest’s *wholesale* share, *i.e.*, including the lines Qwest uses for its own retail service along with

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the resold and UNE lines for which Qwest is the underlying service provider, demonstrates that Qwest controls fully 80 to 95% of switched facilities across all four states.

<b>Table 8</b> <b>ILEC share of underlying switched access line services</b> <b>(millions)</b>				
	<b>AZ</b>	<b>CO</b>	<b>MN</b>	<b>WA</b>
ILEC retail switched access lines	2.227	2.276	2.273	2.994
ILEC resale switched access lines	.152	.093	.123	.090
ILEC UNEs	.167	.243	.281	.251
TOTAL ILEC switched access lines	2.546	2.612	2.677	3.335
CLEC-owned lines	.651	.193	.272	.165
TOTAL switched access lines	3.197	2.805	2.949	3.500
ILEC share	79.6%	93.1%	90.8%	95.3%
<u>Source:</u> FCC, Industry Analysis and Technology Division, <i>Local Competition Report: Status as of June 30, 2006</i> . Data is statewide ILEC data, and may include some non-Qwest ILEC lines.				
<u>Notes:</u> Figures may not add due to rounding.				

29. Moreover, even the intermodal options that Qwest identifies are also dependent on Qwest facilities. Notably, wireless carriers are major users of ILEC special access and transport facilities. VoIP customers require a broadband access connection to originate calls (and switched access for PSTN termination of calls).



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30. Regarding the role of cable telephony, while there is no fundamental dispute that cable companies offer a competitive alternative to Qwest's retail service at residential homes passed by video distribution systems within the four subject MSAs, Qwest's evidence regarding cable telephony is insufficient to justify the broad deregulation it is proposing. Even where the cable video distribution systems appears to cover the entire MSA – and this is not uniformly true of all four geographic areas<sup>26</sup> – they are still relative newcomers as providers of residence local telephone service, particularly as to their VoIP-based service platform. As is clear from the Commission's Omaha decision, the coverage and penetration of cable offerings varies significantly from wire center to wire center.<sup>27</sup> Qwest's own evidence makes clear that cable companies are only gradually building their subscribership for digital voice service. Even if the Comcast nationwide growth forecasts cited by Qwest are reliable and even if the facilities in Seattle, Denver, and Minneapolis are being deployed at approximately the same pace as the nationwide expansion, the forecasts still show that Comcast's VoIP offering (Comcast Digital Voice) is far from fully rolled out.<sup>28</sup>

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<sup>26</sup> For example, Qwest acknowledges that Comcast's coverage does not extend to areas that include more than 1/6 of its wire centers in the Minneapolis-St. Paul MSA. Brigham/Teitzel Minneapolis Declaration at para. 14.

<sup>27</sup> See, *Omaha Forbearance Order* at para. 60; significantly, equivalent detailed evidence has not been submitted in the record of the current proceeding.

<sup>28</sup> Unlike Verizon and AT&T, neither Qwest nor any of the cable MSOs operating in the 4 MSAs has a wireless affiliate. Yet, in an attempt to make its competition appear more robust, Qwest describes *plans* of "Comcast and other cable providers" to add wireless service to their offerings. Noting that Comcast has begun offering Sprint Nextel wireless service in Boston and Portland, Qwest implies that Denver and Minneapolis-St. Paul may be among the markets for expansion of this offering. Brigham/Teitzel Denver and Minneapolis-St. Paul Declarations, at paras. 19 and 20, respectively. Based on this possible, future deployment, Qwest goes on to quote Comcast marketing hype about the advantages of an expanded bundle. This kind of speculation cannot possibly form the basis for